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ABSTRACT

At the request of the Senate Subcommittee on Children and Families, the General Accounting Office (GAO) examined programs and services funded at federal and state levels providing direct early childhood care and education for low-income children up to age 5 years. Also examined were state and local assessments of difficulties low-income parents face in obtaining child care, and collaborative efforts among child care and early childhood education (ECE) officials to address parents' difficulties. Data sources included a national survey of child care administrators and departments of education, and a survey of 537 child care resource and referral agencies. In addition, interviews were conducted with program officials at all levels and early childhood researchers. The major findings of the GAO study are as follows. In 1999, the federal government provided approximately $11 billion to fund early childhood care and education services, mostly targeted to low-income children. These services most often focused on education but also occasionally included meals, immunization referrals, parental support, and social service referrals. About 73 percent of funds were for Head Start and the Child Care and Development Fund (CCDF). Most states also fund early childhood programs, beyond the federal matching amount. Some types of care, such as infant and toddler care, are still difficult to obtain. Barriers to obtaining the types of care needed by low-income families included its high cost, unavailability, and inaccessibility to providers. Although collaboration among child care and ECE officials has had positive outcomes, it does not eliminate all gaps in care. Collaborative initiatives have been limited because of barriers such as differing eligibility requirements. (Three appendices include a description of the methodology and comments from the Department of Health and Human Services.) (KB)

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United States General Accounting Office

GAO

Report to Congressional Requesters

November 1999

EDUCATION AND CARE

Early Childhood Programs and Services for Low-Income Families

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Health, Education, and
Human Services Division

B-281005

November 15, 1999

The Honorable Judd Gregg
Chairman, Subcommittee on Children and Families
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable William Goodling
Chairman, Committee on Education
and the Workforce
House of Representatives

The Honorable Michael N. Castle
Chairman, Subcommittee on Early Childhood,
Youth, and Families
Committee on Education and the Workforce
House of Representatives

Billions of federal and state dollars annually support multiple programs to address the early childhood care and education needs of low-income families. Information from these programs on the availability and accessibility of care and services that children receive is of great interest for several reasons.[1] Recent developments in the 1996 welfare reform legislation require more welfare families, including those with very young children, to find and keep jobs. Also, much attention has been given to the relationship between child care experiences and school readiness. Finally, the existence of multiple funding sources for early childhood care and education has increased some states' interest in using program collaboration.

Recently, a number of congressional proposals have been made to increase federal child care funding. Therefore, you asked us to describe (1) programs and services funded at the federal and state levels that directly provide early childhood care and education for the general population of low-income children up to age 5, (2) state and local assessments of the relative difficulty low-income parents face in obtaining care for their children, and (3) the collaborative efforts among child care officials and early childhood education officials to address these parents' difficulties. Much of our data came from a survey of child care

[1]In this report, "early childhood care and education" includes care that is provided to low-income children whose parents are out of the home in work activities and who may be in a center or a home, as well as care that is focused on a child's education, such as care that preschools and Head Start provide.

administrators and departments of education in all 50 states and the District of Columbia and from a survey of all 537 child care resource and referral agencies in the membership database of the National Association of Child Care Resource and Referral Agencies (NACCRRA).[2] We also visited Colorado, North Carolina, Ohio, and Oregon, which the National Governors Association had identified as leaders in collaborative efforts for early childhood care and education, and we visited two counties, one mostly rural and one mostly urban, in each of these states. We interviewed program officials at all levels and early childhood researchers, and we reviewed related reports of research organizations. We did work in accordance with generally accepted government auditing standards between August 1998 and October 1999. (See appendix I for more details on our methodology.)

Results in Brief

The federal government invested about $11 billion in FY 1999 on early childhood care and education programs for low-income children through a range of programs and the states invested almost $4 billion for such programs.[3] The Department of Health and Human Services (HHS) provides most of the federal support for early childhood care and education, about $8 billion, through the Head Start program and the Child Care and Development Fund (CCDF), which subsidizes the child care expenses of low-income working parents. Other HHS and Department of Education programs provide the remaining funding for early childhood care and education. Thirty-two states reported funding preschool programs, 15 states reported providing state money to supplement Head Start, and 19 states reported child care programs that provided funding to communities. Our survey results showed that educationally oriented services (for example, numeracy and literacy activities) were the most common services providers offered in centers and homes. Providers were less likely to include other services, such as family social services or medical referrals.

[2]NACCRRA's membership database contains 537 of an estimated 800 agencies nationwide.

[3]We included only major programs that low-income parents can use to obtain child care. For the total federal funding figure, we included only programs that directly provide (1) child care or education or (2) funds to provide child care and education for low-income children up to age 5. We did not include programs that support but do not provide funding for child care, such as the U.S. Department of Agriculture's Child and Adult Food program, child care tax expenditures at the federal and state levels, programs with a limited eligibility, or the Stewart B. McKinney Homeless Assistance Act. For a detailed list of other sources of federal funding available for child care, see Federal Child Care Funding (GAO/HEHS-98-70R, Jan. 23, 1998). The $4 billion figure for state funding represents data from our survey on state expenditures. This does not represent the entire state investment but it does reflect state contributions for programs within the scope of our review.

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Although a number of federal and state programs provided significant funds for early childhood care and education, some types of child care were still difficult for low-income families to obtain, including infant and toddler care; care for children who have special needs, such as children with physical disabilities; and care for children during nonstandard hours (evenings and weekends). In contrast, a majority of the survey respondents indicated that care for 3- and 4-year-olds was generally not difficult to obtain. Child care administrators identified three major barriers to finding care for low-income children—cost of care, especially for infants and toddlers; availability; and accessibility, such as transportation to get to providers, described as more difficult in rural and remote areas.

Some states and localities are using collaborative initiatives to better bridge child care programs and early childhood education programs as well as the federal and state programs. During our visits to Colorado, North Carolina, Ohio, and Oregon, officials at all levels reported that collaboration among child care and early childhood education program officials and nonprofit organizations improved the availability of education and care services for low-income families and enhanced the quality of care. Officials from these states reported using in these collaborative efforts similar strategies to provide incentives for local collaboration, such as additional funding. For example, in Ohio CCDF and Head Start officials pool resources by sharing staff to add full day care to the half-day Head Start program and to add Head Start services, such as nutrition and medical care, to day care programs. All the states we visited reported increased availability of full-time care for 3-to-5-year-olds as a result of collaborative efforts and more limited success in increasing the availability of infant and toddler care or care during nonstandard hours. However, barriers to collaboration still remain, according to state officials and survey respondents. Factors they identified as impeding collaboration included differing eligibility requirements; "turf" issues, such as concerns about losing program authority; lack of information on different programs; and the lack of funding to support collaborative activities. These barriers generally reflect the division between the child care and early childhood education communities.

The types of care that currently have the greatest need for support are infant and toddler care, care during nonstandard hours, and care for children with special needs. In the states we visited, collaborative efforts have yielded some positive results in addressing child care and education needs. Information on them may be useful to other states and communities.

Background

Early childhood care and education are generally provided in three types of settings: in the child's home, in the home of a provider, and in a center or other nonresidential setting. Providers in a home setting that are regulated by the state are required to meet certain operating standards established by state or local governments, such as a maximum number of children per staff. Unregulated providers may or may not meet such standards. Most care provided in centers is regulated, although some states exempt centers if they are sponsored by a religious group or government entity. Further, within a particular setting—whether a home or a center—the specific services provided can range from solely child care assistance to a full continuum of services such as children's educational activities, immunization referrals, and developmental assessments and parental literacy and job training, referrals to social services, and parenting-skill training.

Historically, early childhood care programs and early childhood education programs have existed as separate systems with different goals. The primary goal of child care programs has been to subsidize the cost of care for low-income parents who are working or engaged in education and training activities. At the federal level, child care is primarily supported by CCDF. In contrast, early childhood education programs have generally focused on helping children become ready to begin school. The largest such program is Head Start. This split is also reflected at the state level in child care subsidy programs and preschool programs.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) is directed at increasing low-income families' reliance on work rather than welfare. This legislation established Temporary Assistance for Needy Families (TANF), a program designed to help welfare recipients move into the workforce. Previously, under Aid to Families with Dependent Children, most states exempted single parents with children younger than 3 from participating in education, training, or work-related activities. However, under the new welfare reform legislation, most states exempt only single parents with very young children, and most recipients are now required to participate in work or work-related activities.[4] In addition, increased emphasis on moving people off welfare and into work activities may result in parents with low skills being employed in

[4]TANF has no exemption based on the age of children but allows states to exempt parents with children younger than 1. Twenty-four states exempt parents with children up to 1 year of age, 15 states exempt parents with children 6 months of age or younger, and 4 have no exemption related to children's ages. Two states allow counties to set the exemption age. The 5 other states have exemptions at various ages older than 1 year. In addition, the states may not reduce or terminate assistance to a single custodial parent of a child younger than 6 who has demonstrated the inability (as determined by the state) to obtain needed child care.

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evening-shift and weekend work activities. As a consequence, this legislation could increase the demand for some types of child care, specifically infant and toddler care and nonstandard hour care, for both families on welfare and those moving into the workforce.[5]

Concern over the kind of services low-income children receive while their parents work has been underscored by research. Although the relative importance of recent neurological research on early brain development is controversial, a large body of research from child development experts and quality-of-care studies indicates that developmentally appropriate experiences for very young children are beneficial. In addition, concern in many states over the number of children who arrive in school with poorly developed skills necessary for learning, such as fine motor and general cognitive skills as well as social skills, adds to the interest in what kind of care and services are most effective for school readiness.

Federal and State Government Programs Fund a Variety of Early Childhood Care and Education Services

In 1999, the federal government provided approximately $11 billion through multiple programs administered by HHS and Education to fund a variety of early childhood care and education services—mostly targeted to low-income children. In addition, many states support care and education by funding preschool programs and providing grants to communities to increase the supply of child care. These programs are often targeted to a specific population, such as children up to 3 or 3- and 4-year-olds from low-income families. Our surveys of state child care administrators and resource and referral agencies provide information on the variety of services offered in home and center settings. These services most often focus on educational activities but also occasionally include meals, immunization referrals, parental support services, and social service referrals.

Head Start and CCDF Provide Most Support for Early Childhood Care and Education

Of the $11 billion in federal support for early childhood care and education for low-income children, almost $8 billion is provided through Head Start and CCDF, as shown in table 1.

[5]See Welfare Reform: Implications of Increased Work Participation for Child Care (GAO/HEHS-97-75, May 29, 1997) and Welfare Reform: States' Efforts to Expand Child Care Programs (GAO/HEHS-98-27, Jun. 13, 1998), for a more complete discussion of welfare reform and child care.

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Table 1: Major Federal Programs That Funded Early Childhood Care and Education for Low-Income Children in Fiscal Year 1999

Program	Target age	Department	Funding in millions
Head Start			$4,660
Early Head Start	Birth to 3	HHS	349.4
CCDF	Birth to 12[a]	HHS	3,167
TANF			
Funds transferred to CCDF	Birth to 12	HHS	636[b]
Funds used for child care	Not specified	HHS	259[b]
Social Services Block Grants	Not specified	HHS	285[c]
Title I, part A	Pre-K through 12	Education	936[d]
Individuals with Disabilities Education Act			
Preschool Grants	3 to 5	Education	374
Grants for Infants and Families with Disabilities	Birth to 2	Education	370
Even Start	Birth through 8	Education	135
21st Century Learning Centers	All	Education	200

[a]According to HHS, it does not track the amount of funds spent by age group, including birth to 5 years.

[b]Figure is for fiscal year 1998.

[c]Total fiscal year 1999 appropriation was $1.9 billion. The states have historically reported spending on average about $285 million from Social Services Block Grants on child care, or 15 percent.

[d]Total fiscal year 1999 appropriation was $7.8 billion. In previous years, an estimated $156 million, or 2 percent, supported pre-K programs and $936 million, or 12 percent, supported pre-K and kindergarten children.

Head Start, established in 1965, focuses on providing early childhood education and developmental services for low-income preschool children and their families through grants to local agencies. Specifically, services for children focus on education (such as literacy activities), socioemotional development (such as activities developing self-concept), physical and mental health (such as immunizations), and nutrition (such as meal and nutrition awareness). The program also provides some parental support services (such as, referrals to social services). Head Start primarily serves 3- and 4-year-olds in part-day and full-day programs.[6] At least 90 percent of the children enrolled in a program must come from families whose income is at or below the federal poverty line or who are

[6]In Head Start Programs: Participant Characteristics, Services, and Funding (GAO/HEHS-98-65), we reported that 93 percent of the children were in part-day and part-year programs and 63 percent were 4 years old.

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receiving public assistance.[7] In fiscal year 1999, an estimated 1,520 grantees participated in Head Start, serving slightly more than 831,000 children. Early Head Start, which began in 1995, was designed to enhance the development of infants and toddlers and to promote healthy family functioning and healthy prenatal outcomes for pregnant women. For fiscal year 1999, the Congress earmarked $349.4 million for Early Head Start. The program reports having served 39,000 infants and toddlers in that year.

The other major HHS program is CCDF, which in fiscal year 1999 provided $3.2 billion to states to subsidize child care expenses for children younger than 13 in low-income working families. Federal law allows the states to use CCDF to help working families or families preparing for work with an income of less than 85 percent of the state median income. In practice, however, many states establish lower income eligibility levels. Federal regulations also require that the states target a portion of CCDF funds to welfare recipients working toward self-sufficiency or to families at risk of welfare dependency and that they use at least 4 percent of their total CCDF funds for quality improvements and offer additional services to parents.[8] CCDF funds subsidize child care through certificates that parents can use to pay the child care providers they select. Some states also use contracts to fund slots in child care programs. Preliminary HHS data over the 6-month period January to June 1997 indicate that voucher use was fairly evenly split between home and center settings.[9]

Other HHS and Education programs also support child care and education in various ways, sometimes with different program goals. For example, HHS's TANF program provided about $900 million for child care in fiscal year 1999 to support parents in work activities. In addition, Social Services Block Grants (SSBG) is a flexible source of funds that the states may use to support a wide variety of social services, including child care. In Education, the Even Start program has adult literacy and parenting education, as well as early childhood care and education for children through 8 as goals. This program is funded with $135 million and serves

[7]According to 1999 HHS guidelines, $13,880 per year for a family of three is the federal poverty level for the 48 contiguous states and the District of Columbia; the level is higher in Alaska and Hawaii.

[8]Additional services to parents include services such as resource and referral counseling regarding the selection of appropriate child care. In addition, for fiscal year 2000, the Congress has established several earmarks above the 4 percent minimum quality expenditure requirement—$173 million for quality activities, $50 million for improving the quality of infant and toddler care, and $19 million for child care resource and referral and school-age child care activities.

[9]Preliminary data on types of care being used by children subsidized by block grants indicate that on average about 11 percent of the children are cared for in home, 30 percent are with family child care, 4 percent are with group homes, and 55 percent are using centers.

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about 40,000 families. In addition, title I of the Elementary and Secondary Education Act supports programs and services for educationally disadvantaged children; funding for early childhood education is estimated to have been about 12 percent, or $936 million, of the total $7.8 billion in fiscal year 1999. The Individuals with Disabilities Education Act (IDEA), another Education program, has a Grants for Infants and Families with Disabilities program. Services such as speech therapy are provided to assist the states in creating statewide systems of programs to make available early intervention services to all children with disabilities aged birth through 2 years old and their families at home or in whatever early childhood care or education setting children attend. The IDEA Preschool Grants program provides states with funding to enable children with disabilities to receive special education and related services for preschool children. Finally, 21st Century Community Learning Centers may support early childhood care and education. The $200 million program funds school-community partnerships to keep schools open after school and in summer as a safe haven for enhanced learning.

Most States Fund Early Childhood Programs

Forty-three states, including the District of Columbia, reported that in fiscal year 1999 they provided their own state funding, beyond the amounts required to match federal contributions, to support early childhood programs.[10] Table 2 provides information on funding and enrollment in such programs.

Table 2: Types of Programs States Funded in Fiscal Year 1999

Type	Number of states[a]	Estimated funding	Number of children
Early childhood education	32	$1.7 billion	613,000
Child care program supplements	19	1.7 billion	351,000
Head Start supplements	15	155 million	48,000

[a]Some states supported more than one type of program, but in total 43 states had at least one.

Thirty-two states reported funding preschool programs that generally operated as part of the public school system. Also, 15 states provided funds to supplement the Head Start program by expanding it to serve more children, by increasing teacher salaries, or by providing transportation to Head Start facilities. Finally, 19 states administered programs that helped

[10]In order to draw down their federal allotments, the states must meet a maintenance of effort requirement and contribute matching funds. We excluded programs funded by a state match and programs with a limited eligibility, such as programs only for teenagers.

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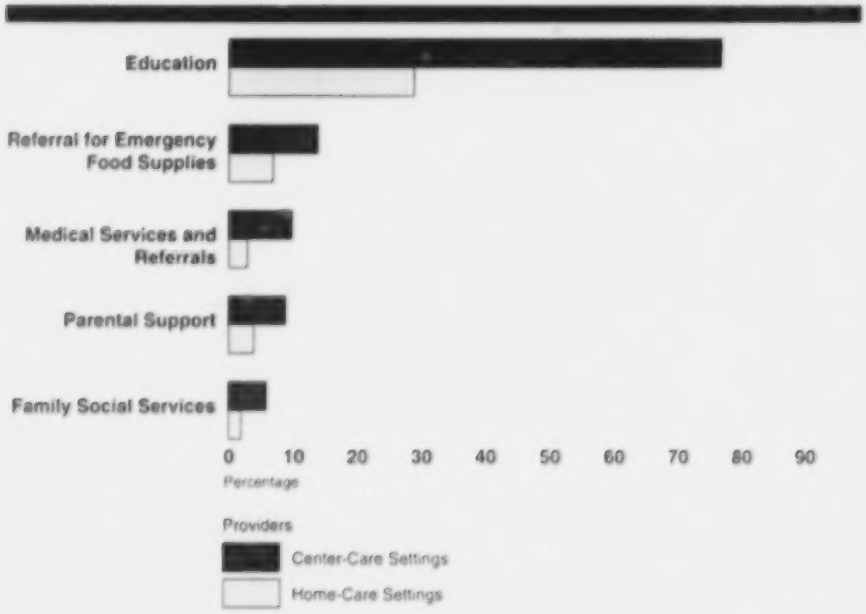
fund child care for communities by providing grants to communities to address their child care needs. These funds could be used in a variety of ways, such as for preschools, for child care, to give providers training, and for assistance in meeting licensing requirements. Of the 43 states, 20 provided some funding for infant and toddler care, generally through funds to communities. The number of children served by state early childhood care and education programs ranged from several hundred in five states to nearly 140,000 in Texas.

Education Is the Most Frequently Provided Service

Resource and referral agencies reported in responding to our survey that providers in home and center settings offered a range of services, but educational programs in centers were by far the most common, as shown in figure 1. The proportion of providers offering other services was much lower. Generally, centers provided more services than were provided in homes. For instance, about 10 percent of the resource and referral agency respondents stated that all or most centers provided parental support services or medical referrals; fewer agencies reported that all or most home care settings provided these same services. According to census data, about 70 percent of low-income families met their child care needs in the home.

Figure 1: Percentage of Providers That Offer Services as Reported by Resource and Referral Agencies



Similarly, our survey of state child care administrators showed that most state-funded programs offered educational services. In addition, most also offered parental support activities, meals for the children enrolled, and referrals for medical services.

Some Types of Care Are Difficult to Obtain

Although the federal and state governments support many programs for early childhood care and education for low-income children, some types of care such as infant and toddler care are still difficult to obtain. State child care administrators reported that the high cost of care, its unavailability, and inaccessibility to providers were significant barriers to low-income families in obtaining the types of care they needed.

Collectively, our surveys, which covered all states and many communities across the country, showed that obtaining care for infants and toddlers, for children with special needs, and during certain hours posed the most difficulty for low-income families. Figure 2 shows the responses on the difficulty of obtaining different types of care from the resource and referral agency survey; the responses of the child care administrators

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identified similar difficulties. Our previous work, based on limited case studies, also identified obtaining care as a problem for infants and toddlers.[11] Resource and referral survey responses, however, reported that care for preschool children generally was not difficult to find.[12] Slightly more than half of child care administrators reported that there was sufficient full-time care for preschoolers. Respondents provided additional comments on the difficulties in obtaining care. For example, they reported that finding one place that provided care for children of different ages in the same family such as an infant and a preschooler was difficult. The need for infant care and care during nonstandard hours may be particularly important for TANF recipients. According to a recent study, more than a quarter of former welfare recipients and a similar proportion of low-income mothers work night hours.[13]

[11]See Welfare to Work: Child Care Assistance Limited; Welfare Reform May Expand Needs (GAO/HEHS-95-220), and GAO/HEHS-98-27.

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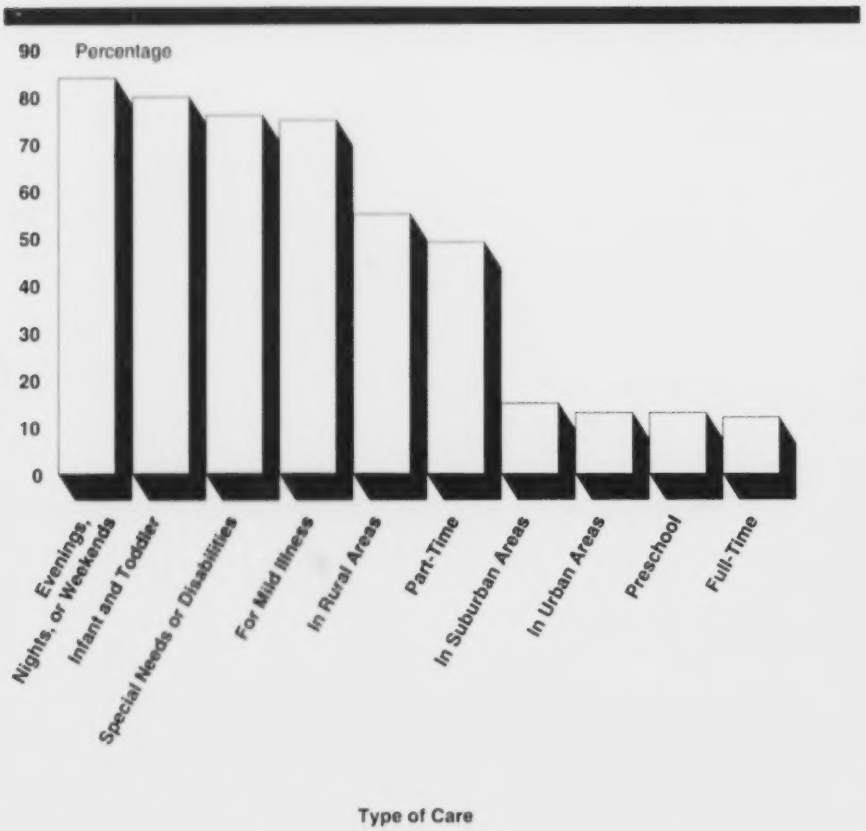
[12]Our survey does not reflect whether or not the care available is considered quality care.

[13]"Assessing the New Federalism: An Urban Institute Program to Assess Changing Social Policies," discussion paper, Urban Institute, Washington, D.C., 1999.

Figure 2: Percentage of Resource and Referral Agencies Reporting That Care Is Difficult or Very Difficult to Obtain



Child care administrators reported that high cost is a barrier, whether parents are seeking care for preschoolers or care for infants and toddlers. Care for infants and toddlers is generally more costly than preschool care mainly because of the higher staff-to-child ratio required. The subsidy provided in states does not always cover the cost of available care for infants and toddlers. Resource and referral agencies reported in our survey that about 80 percent of their centers and 70 percent of their home care providers accepted children with subsidies. Smaller subsidies allow states to provide subsidies to more families but can limit the families' ability to find affordable care. For example, officials in Colorado estimated that the average child care assistance subsidy is just 62 percent of the cost of quality care.

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More than half of the state child care administrators cited the inaccessibility of care, often related to transportation difficulties, as another major barrier to low-income families seeking child care. Transportation was especially problematic in rural areas. For preschool care, arrangements sometimes have to be made to move children from a half-day educational program to a supplementary care program for the rest of the day.

Collaboration Has Positive Outcomes but Barriers Remain

To address the difficulties in obtaining certain types of care, states and localities are using collaborative initiatives to bring together the different program authorities involved in funding and providing care, with the goals of increasing the availability of various types of care and enhancing the services provided. However, according to state officials, collaboration does not eliminate all gaps in care, and collaborative initiatives are sometimes limited because of barriers such as differing eligibility requirements.

States Reported That Collaborative Initiatives Have Resulted in Positive Outcomes

In Colorado, Ohio, North Carolina, and Oregon, collaborative efforts combined state and federal funds from a variety of sources to increase the availability of child care and education settings available to low-income families. Collaboration was usually accomplished through interagency coalitions or organizations that tried to fit together different care and education options to meet communities' and parents' needs. These states also offered communities incentives to collaborate, either in the form of waivers to state regulations or as additional funds. Some of the efforts were enhanced by Head Start collaboration grants to local grantees.

Child Care and Education Collaborative Initiatives Implemented in Four States

In Colorado, the state legislature created the Community Consolidated Child Care Pilot Program to encourage communities to design consolidated programs of comprehensive early childhood care and education services for children in low-income families aged 6 weeks through 5 years old. At a minimum, pilot communities were required to consolidate funding from the Colorado Preschool Program, operated under the authority of local school districts and child care money administered by local boards of county commissioners, thereby encouraging the education and child care systems to come together. Initially, the legislature provided no financial incentives to encourage pilot counties to collaborate; however, in future years, additional funds will be made available to enable the collaborations to further increase child care availability.

The Colorado legislature authorized the state Department of Human Services to waive state laws or rules that would prevent the pilot communities from implementing collaborative projects. Waivers included requiring only a single application for multiple programs and broadening program eligibility to meet specific community needs. For example, two pilot counties raised the income eligibility level for the state child care subsidy so that low-income working parents' child care expenses would not increase substantially as their income increased.

North Carolina's Smart Start initiative provided state funds ($24.4 million in 1998) to assist communities in improving and expanding their existing programs for children and families and in designing and implementing new programs. The primary goal of Smart Start is to ensure that North Carolina's children enter school healthy and ready to learn. A prerequisite for the receipt of Smart Start funds is that representatives from various community organizations must form local partnerships for children to plan for and direct the distribution of the funds to local service providers. Initially funding twelve partnerships, Smart Start partnerships now operate throughout the state. Local partnerships were funded both to increase the availability of child care and to improve center or provider quality.

Created in 1992, Ohio's Family and Children First Initiative focuses a diverse group of agencies and organizations on achieving better outcomes for children and their families. The goal is to promote collaboration among state and local governments, nonprofit organizations, businesses, and families to ensure that children are ready to learn. Its three key objectives are making infants healthier, increasing access to quality preschool and child care, and improving services for family stability. The Early Childhood Coordination Committee is charged with bringing Ohio's Head Start program, Ohio's public preschool program, and its subsidized child care program into a coordinated system of care. At the county level, the initiative has supported the funding and development of councils composed of several child care organizations, including both child care programs and education programs. Each county council received a $20,000 state grant for these collaboration activities. Ohio also provided $181 million in state funds to expand Head Start services to more eligible families. Further, by combining Head Start with CCDF funds, the state has enabled children in poor working families to receive a full day of care.

In 1993, Oregon's legislature created the Commission on Children and Families to support community-based planning and decisionmaking and to

encourage collaborative partnerships to change the state's system of delivering services and develop supports for children and families. Local commissions were to include citizens, community groups, businesses, service providers, and government. In 1997, the commission directed $58.4 million, primarily from state and federal government sources, to the local commissions on children and families in each of its 36 counties. Collaboration among different programs operating in the community was a prerequisite for receiving a grant.

Head Start Support for Collaboration

Collaborative efforts were also being fostered through federal programs. For example, in 1990, HHS began to award collaboration grants to a few states to promote more integrated service delivery systems and to encourage collaboration between Head Start and other programs. By 1997, all states were funded. The Congress also increased funding for Head Start for fiscal years 1998-99, in part to increase enrollment numbers. Recognizing that an increasing proportion of Head Start families work and that many who receive public assistance are participating in welfare reform initiatives in response to TANF, HHS gave priority to funding more full-day, full-year care. Head Start encouraged programs to consider combining Head Start expansion funds with other child care and early childhood funding sources to deliver services through partnerships such as community-based child care centers. In addition, the 1998 amendments encouraged collaboration and have resulted in a performance indicator, the measure by which Head Start grantees are evaluated, that indicates the extent to which a Head Start grantee is collaborating with other community providers in providing linkages to child care.

Positive Outcomes Reported

As a result of these initiatives, the states reported positive outcomes in terms of increased child care and services. Colorado officials reported a larger increase in the number of children served in pilot counties than elsewhere in the state. For example, according to the director of one pilot collaboration project, the project's efforts have enabled it to increase child care by 61 percent and to essentially meet the need for care and education for 3- to 5-year-olds. Similarly, Ohio reported that the collaboration between state and federal Head Start and Ohio preschool and child care programs has enabled Ohio to increase not only the amount of care available to low-income children but also their access to Head Start services. The state reported that it currently serves 84 percent of its children who are eligible for Head Start in state or federal Head Start programs, compared with a national average of 38 percent. In North Carolina, an evaluation of the Smart Start program reported a 12 percent increase in credentialed child care providers. Officials in one county

credited Smart Start with a 25 percent increase in the number of child care centers meeting the state's highest standard for center-based care. Likewise, state officials in Oregon identified positive outcomes that have resulted from its collaborative efforts, including increased numbers of preschool programs, licensed providers, and home-based care for infants and toddlers and the initiation of a career development program for providers. Oregon also reported that it increased the number of group homes by 25 percent.

Barriers to Collaboration

Collaboration has, according to state officials, clearly resulted in positive outcomes; however, barriers to collaboration still remain. State program administrators and resource and referral agency respondents identified several barriers, including differing eligibility requirements, "turf" issues or concerns that an official's authority or power would be lessened, insufficient funds, and lack of information on programs. Program administrators said that the differing eligibility requirements between Head Start and CCDF made collaboration difficult. Head Start's income eligibility standard requires that 90 percent of enrollments be at or below the federal poverty level, whereas CCDF funds may be used for families with income up to 85 percent of state median income, which generally allows the states to give subsidies to families who make more than the federal poverty level. Thus, collaboration between these programs to achieve objectives, such as full day coverage, might be difficult because some children may be eligible only for CCDF.

In citing turf issues as barriers to collaboration, the respondents expressed concern that officials' power or authority would be reduced and that they would be unwilling to share program funds. These issues often reflected the division of child care organizations from early childhood education organizations. Child care programs were generally administered through human services agencies, whereas preschool education programs were generally administered by the education departments and public school agencies. One state official said that with the separate funding, regulations, and goals, the child care and education offices have not traditionally understood the importance of each other's role in a child's development.

Resource and referral agency and state administrator respondents also frequently cited a lack of information on the various programs that fund child care and education as a barrier to collaboration. For example, one respondent commented that a lack of understanding of the different

agencies' and organizations' policies and service delivery hindered collaboration. In one state, an official told us that the people who work in child care do not know the requirements for facilities and training that exist in the education department and that are very different from theirs and vice versa.

Respondents reported that insufficient funds also hindered their ability to collaborate. Lack of funding to support collaborative initiatives was widely cited as a barrier, with respondents specifically citing a lack of staff, training, and transportation as hampering collaboration with other organizations.

Conclusions

The implementation of TANF has put more low-income children in care outside the home and put them in care earlier in their lives. While efforts to provide programs of care for preschool children appear to generally meet the demand for such care, care for infants and toddlers, care during nonstandard hours, and care for children who have special needs are still not available, affordable, or accessible. As a result, these are the types of care most in need of support. Some states and localities have been using collaborative initiatives to increase the number of full-day providers and to enhance the quality of program services, and these have positively addressed families' and children's needs. The methods they have used may be helpful to other states and localities as they attempt to address their own needs.

Agency Comments

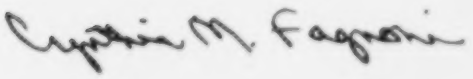
We provided Education and HHS with a draft of this report for their review. HHS responded with comments that are printed in appendix II. In its comments, HHS wrote that this report will be helpful as it continues its efforts to work with states and communities to meet the needs of low-income preschool children and their families. HHS fully supports our conclusions about the need for care for working low-income families. It provided additional information about the types of care and the adequacy of the care it says is needed, as well as descriptions of various initiatives to support collaborative efforts to meet such needs.

At our meeting with Education officials, including representatives from different Education program offices, Education said that it generally agrees with our findings and conclusions. In addition, Education provided us with information about its ongoing and planned efforts to promote

literacy and coordination with other programs. Where appropriate, we made technical changes that both departments provided.

We are sending copies of this report to the Honorable Donna E. Shalala, Secretary of the Department of Health and Human Services; the Honorable Richard W. Riley, Secretary of the Department of Education; and others who are interested. We will also make copies available to others upon request.

If you or your staff have any questions about this report, please contact me on (202) 512-7215. Other staff who contributed to this report are listed in appendix III.



Cynthia M. Fagnoni
Director, Education, Workforce, and
Income Security Issues

Contents

Letter 1

Appendix I Scope and Methodology 22

Appendix II Comments From the Department of Health and Human Services 24

Appendix III GAO Contacts and Staff Acknowledgments 29

Tables

Table 1: Major Federal Programs That Funded Early Childhood Care and Education for Low-Income Children in Fiscal Year 1999 6

Table 2: Types of Programs States Funded in Fiscal Year 1999 8

Figures

Figure 1: Percentage of Providers That Offer Services as Reported by Resource and Referral Agencies 10

Figure 2: Percentage of Resource and Referral Agencies Reporting That Care Is Difficult or Very Difficult to Obtain 12

Abbreviations

CCDF	Child Care and Development Fund
HHS	Department of Health and Human Services
IDEA	Individuals with Disabilities Education Act
NACCRRA	National Association of Child Care Resource and Referral Agencies
SSBG	Social Services Block Grants
TANF	Temporary Assistance for Needy Families

Scope and Methodology

This appendix contains detail on our surveys of state child care administrators, state departments of education, and members of the National Association of Child Care Resource and Referral Agencies as well as our case studies in four states.

Survey Methodology

We conducted two surveys to obtain information about activities at the state level. We sent questionnaires to the child care administrators in all 50 states and the District of Columbia to get information about the funds that states allocate for early childhood programs, the source of the funds, the characteristics of state-administered child care programs—including the types of care and services they provided and their availability of care—difficulties low-income families encounter finding care, how the states attempt to gauge the adequacy of the supply of care, and factors that foster or hinder collaboration among early childhood programs. We also sent questionnaires to the departments of education in each state and the District of Columbia to get information about state-administered early education programs. Of the 51 questionnaires we sent to the child care administrators, 30 were returned—a response rate of 98 percent. Of the 51 questionnaires we sent to state departments of education, 49 were returned—a response rate of 96 percent.

Because limited information was available on services from most federal programs, we surveyed resource and referral agencies which have access to information on various types of care and services provided through centers and home care providers because of their role in referring low-income parents to potential child care providers. We used the membership list of the National Association of Child Care Resource and Referral Agencies. We sent a questionnaire to each agency listed as a member of the association, excluding 32 members that we sent to agencies that were not resource and referral agencies or that were sublocations of larger resource and referral agencies. The response rate was 80 percent: 428 of the 537 questionnaires we sent were returned.

According to early childhood care and education experts, a survey of the NACCRRA members was most likely to yield credible local perspectives on child care programs and an acceptable response rate. However, our survey should not be considered to be an overall measure of child care services at the local level. Some resource and referral agencies are not NACCRRA members, and some child care providers may not be registered with their local agencies. According to the association, about three-fourths of child care resource and referral agencies are members.

Our compilation of programs does not include every program with which a state addresses early childhood issues. We excluded from our survey results any reported programs that did not use state or local funds over and above those required by federal maintenance of effort or matching requirements. We also excluded funds and any reported programs that did not serve children directly.

Case Studies

We developed in-depth information about early childhood programs, particularly their collaboration efforts, in Colorado, Ohio, Oregon, and North Carolina and two localities within each of those states. We chose states that the National Governors Association and others considered to have integrated approaches to child care and established frameworks for state action. We also selected states to get a mix of geographic regions. We met with states' officials and also visited at least one primarily urban jurisdiction and at least one primarily rural jurisdiction. We interviewed state officials in the education and human services and social services departments. We talked with state officials responsible for preschool programs, early childhood education, title I, the Individuals with Disabilities Education Act, child care subsidies, and child care provider licensing. We also talked with officials of private and nonprofit organizations involved in early childhood education or care issues. We reviewed documentation on these issues. In the two localities we visited in each state, we interviewed officials responsible for similar programs and activities at the local level and reviewed documentation about their programs.

Comments From the Department of Health and Human Services

[redacted]

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
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Washington, D.C. 20447

October 26, 1999

Ms. Cynthia M. Fagnoni
Director, Education Workforce
and Income Security Issues
Health, Education, and Human Services Division
United States General Accounting Office
Washington, D.C. 20548

Dear Ms. Fagnoni:

Now GAO/HEHS-00-11.

Enclosed are the Administration for Children and Families' comments on the U.S. General Accounting Office Draft Report, Early Childhood Care and Education Programs and Services for Low Income Families (GAO/HEHS-00-186). We fully support the report's conclusions about the need for high quality care for working low-income families and have provided some additional contextual information. We have also responded to the conclusions and other areas of the report with general comments and technical corrections.

We appreciate the opportunity to comment on the draft report. If you have questions or need further information, please contact Frank Fuentes, Deputy Associate Commissioner of the Child Care Bureau, at 401-7256.

Sincerely,

Olivia A. Golden
Assistant Secretary
for Children and Families

Enclosure

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Now GAO/HEHS-00-11

COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON THE U.S. GENERAL ACCOUNTING OFFICE'S DRAFT REPORT ON, "EARLY CHILDHOOD CARE AND EDUCATION: PROGRAMS AND SERVICES FOR LOW-INCOME FAMILIES" (GAO/HEHS-00-186)

The Administration for Children and Families (ACF) appreciates the opportunity to review and comment on the above-captioned report. This General Accounting Office (GAO) report will be of help to ACF as we continue our efforts to work with States and communities to meet the needs of this country's low-income preschool children and their families. We fully support the report's conclusions about the need for high quality care for working low-income families. In our comments below, we provide some additional contextual information, as well as provide some general comments and technical corrections.

General Comments

The draft report highlights difficulties related to the availability and affordability of care, and therefore supports the need for additional investments. The President's child care initiative proposes more than $19 billion over five years for child care, the single largest investment in child care in this country's history. The proposal would expand assistance through the Child Care Development Fund (CCDF) for working families, enhance child care tax credits, and give communities the resources to improve the quality of care for children across income levels.

Unmet Need. The draft GAO report contains a detailed discussion of significant Federal and State investments in early childhood programs. Despite these investments, many of these programs--including CCDF, Head Start, and many State pre-kindergarten programs--only serve a portion of eligible children. For example, nationally, in an average month in 1998, only 1.5 million of the 9.9 million low and moderate-income children eligible for CCDF assistance under State eligibility criteria actually received help through the program -- just 15 percent of eligible children. As a result, many families are on waiting lists to receive child care subsidies. The gap between eligibility and receipt of services would be greater if States had chosen to define the eligible population to include all of the low- and moderate-income working families that are potentially eligible under Federal law. If all States set eligibility limits at the maximum levels allowed under Federal law, 85 percent of State median income, an estimated 14.7 million children would have been eligible for subsidies in fiscal year 1998, of whom only 10 percent were served. (*Access to Child Care for Low-Income Working Families*, HHS Report, using preliminary state administrative data for the months of April - September 1998, and eligibility estimates generated from the Urban

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Institute's TRIM3 microsimulation model based on three years' worth of Current Population Survey data).

Now page 12

Affordability. The draft report briefly discusses cost of care as a barrier (page 15). Other data reinforce this finding and provide a fuller picture about why cost is a barrier. National survey data show that child care expenses are often the second or third largest item in a low-income working family's household budget. In 1993, child care expenses averaged 18 percent of family income, or $215 per month, for poor families paying for care for one or more preschool children while their mother worked. For families with income of less than $14,400, ($1,200 per month), the average share of income devoted to child care was even higher -- 25 percent, or one-fourth of the family income (Census Bureau, SIPP, fall 1993).

Infant and Toddler Care. We appreciate the concerns expressed in the report about the difficulty many child care administrators perceive in families finding quality child care/child development programs for infant and toddler age children. In FY 1995, the Congress and this Administration established the Early Head Start program, which in FY 1999 served more than 39,000 low-income infant and toddler age children and their families. We are hopeful that in future years, we will be able to continue expanding this program to reach many more of our country's low-income infants and toddlers. The President's FY 2000 proposal would, for example, if appropriated, increase Early Head Start enrollment by almost 5,000 children and families. Improving infant and toddler care has also been a priority for the Child Care Bureau.

Now page 11

Quality. Footnote 13 (on page 14) indicates that the GAO survey does not reflect whether or not the care available is considered quality care. The latest report from the Cost, Quality and Child Outcomes Study found that the quality of child care programs attended by preschool children had a lasting impact on their school performance. Too many children, however, are exposed to poor care -- this is true for all types of settings. A 1994 HHS Inspector General Study, *Nationwide Review of Health and Safety Standards at Child Care Facilities*, found more than 1,000 violations in 169 child care facilities in five States. According to other research, almost half of the infants and toddlers in child care centers are in rooms rated at less than minimal quality. When families cannot get help in paying for child care, it is harder for them to find quality care that helps prepare their children for school success.

Collaboration

We are particularly pleased that the report highlights successful collaboration among early childhood programs, which has been a priority of this

Administration. It is gratifying to see that Federal efforts to support collaboration are now leading to results at the State and local levels.

Now page 15.

The draft report discusses Head Start support for collaboration (p.19). We appreciate that the needs of many Head Start parents are no longer being met by part-day, part-year Head Start programs and we will, therefore, continue our efforts, started a few years ago, to focus all future Head Start expansion efforts on serving children in program models that meet the needs of working low-income families; i.e. full-day, full-year Head Start. We will insist that programs seek to work together with other partners so that the costs of a full-day, full-year program are shared among many funding streams, so that Head Start dollars will be able to be used to reach as many new children and families as resources permit. We also appreciate the concerns expressed about the need for care during non-standard hours. Many Head Start programs do offer services outside of standard work hours. We will continue to work with our programs to help them explore ways to be as responsive as possible to the needs of working families with unusual working schedules. We are fully committed to working together with States and communities to improve linkages between Head Start and other services for low-income families with pre-school age children. In addition, the 1998 reauthorization of Head Start has additional language facilitating collaboration with child care providers at the local level.

In addition to the Head Start initiatives highlighted in the draft report, there have been other Federal efforts, including Child Care Bureau initiatives and joint Head Start-Child Care activities. For example, the Child Care and Head Start Bureaus recently launched a new training and technical assistance initiative - *Quality in Linking Together: Early Education Partnerships* (QUILT). The QUILT project will work to engage States in developing a strategic approach that supports and fosters early education partnerships at the local level. The Bureaus have also jointly sponsored a number of workshops and leadership forums, including a Head Start/Child Care/Pre-Kindergarten meeting this October with teams from 21 States. Last month, the Head Start and Child Care Bureaus issued a letter to all grantees to share opportunities for collaboration. The letter described several collaborative approaches and included sample budgets from three programs that are blending funds for full-day, full-year services.

The Bureaus are also supporting collaboration through several other technical assistance projects in addition to the QUILT. For example, the Child Care Bureau funds projects that support collaborative efforts around serving children with disabilities, create linkages with the health community, and encourage public-private partnerships.

In addition to technical assistance, we are developing policies that support collaboration. The Child Care and Development Block Grant Act requires coordination of child care services with other child care and early childhood development programs. The Administration expanded this provision through regulation to require coordination with education, Temporary Assistance for Needy Families (TANF), public health, and employment services, as well as to encourage collaboration with a number of other programs, including Head Start. States must describe their coordination efforts in their child care plans that are submitted every two years.

We are also working to correct misinterpretations of rules that may be barriers to partnerships. For instance, the Child Care Bureau provided guidance to prevent unwarranted problems in audits of agencies that use funding from different Federal programs. The Bureau also issued a memorandum clarifying the flexibility available to States in defining eligibility across early childhood programs, including subsidized child care (to address the eligibility issue identified on page 21 of the GAO report). In a similar manner, the Head Start Bureau has issued clarifications of policies on collecting fees, sharing equipment and supplies, and recruiting and enrolling children on a year-round basis to make it easier to partner with child care and pre-kindergarten providers.

Now page 16.

GAO Contacts and Staff Acknowledgments

GAO Contacts

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Acknowledgments

In addition to the persons named above, Kopp Michelotti, Martha Elbaum, Margaret Boeckman, and Kelly Mikelson contributed significantly to this report.

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